

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-06 EUR-12 IO-10 ISO-00 L-03 AID-05 TRSE-00

COME-00 CIEP-01 STR-04 FEA-01 AGR-05 CEA-01 CIAE-00

DODE-00 FRB-03 H-02 INR-07 INT-05 LAB-04 NSAE-00

NSC-05 PA-01 SS-15 TAR-01 USIA-06 PRS-01 SP-02 OMB-01

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L/EB:SBOND (SUBS)

EB/ITP/OT/GCP:MGOLDMAN (SUBS)

AF/C:RRSTRAND (DRAFT)

AF/C:MGALLAGHER (DRAFT)

AID/GC:WWARREN (SUBS)

TREASURY:RGOODMAN (SUBS)

COMMERCE:DARRILL (SUBS)

AF/EPS:LWHITE

L/AF:FWILLIS (INFO)

EUR/CE:LHEICHLER (INFO)

CIEP:GKAMENS (INFO)

STR:TGRAHAM (INF)

TREASURY:PDAVIS (INFO)

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TAGS: EINV, CF, US

SUBJECT: EXPROPRIATED U.S. PROPERTY AND ELIGIBILITY OF
THE PEOPLE'S REPUBLIC OF CONGO FOR GENERALIZED PREFERENCES
(GSP)

REF: STATE 282968 (DEC. 28, 1974)

1. PLEASE REQUEST FRG FOREIGN MINISTRY TO PRESENT FOLLOW-
ING MESSAGE TO THE CONGOLESE THROUGH THE FRG EMBASSY IN
BRAZZAVILLE:

A. THE TRADE ACT OF 1974 AUTHORIZES THE UNITED STATES TO
INSTITUTE A GENERALIZED SYSTEM OF PREFERENCES (GSP) PRO-
VIDING DUTY-FREE TREATMENT TO UNITED STATES IMPORTS OF
ELIGIBLE ARTICLES FROM DESIGNATED BENEFICIARY DEVELOPING
COUNTRIES. SECTION 502(B)(4) OF THE ACT PROHIBITS THE
PRESIDENT FROM DESIGNATING AS AN ELIGIBLE BENEFICIARY ANY
COUNTRY WHICH EXPROPRIATES AMERICAN PROPERTY WITHOUT
TAKING STEPS TO DISCHARGE ITS OBLIGATIONS TO UNITED STATES
CITIZENS UNDER INTERNATIONAL LAW.

B. THE UNITED STATES GOVERNMENT HAS RECENTLY BEEN CON-
DUCTING A REVIEW OF COUNTRY ELIGIBILITY FOR GSP UNDER
SECTION 502(B)(4) OF THE ACT. FOR THE PRESENT, WE HAVE
CONCLUDED THAT THE PEOPLE'S REPUBLIC OF THE CONGO SHOULD
RETAIN ITS STATUS AS AN ELIGIBLE BENEFICIARY.

C. WE WILL, HOWEVER, BE RECONSIDERING THE ELIGIBILITY
OF A NUMBER OF COUNTRIES, INCLUDING CONGO, BEFORE THE
PLANNED IMPLEMENTATION OF GSP ON JANUARY 1, 1976, AND,
IF APPROPRIATE, WILL MAKE NECESSARY CHANGES TO THE LISTS
OF ELIGIBLE BENEFICIARIES AT THAT TIME.

D. IN PARTICULAR, IT WILL BE DIFFICULT AT THAT TIME TO
SUSTAIN A DETERMINATION THAT CONGO IS TAKING STEPS TO
DISCHARGE ITS OBLIGATIONS TO UNITED STATES PROPERTY
OWNERS UNDER INTERNATIONAL LAW AS REQUIRED BY
SECTION 502(B)(4)(D)(II) OF THE ACT UNLESS THE GOVERNMENT
OF THE PEOPLE'S REPUBLIC OF THE CONGO TAKES STEPS SOON
RESULTING IN SIGNIFICANT PROGRESS TOWARD SETTLEMENT OF
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THE OUTSTANDING CLAIMS OF TEXACO AND MOBIL FOR PROPERTY
NATIONALIZED ON JANUARY 12, 1974. THE GOVERNMENT OF
THE UNITED STATES WOULD APPRECIATE BEING INFORMED OF WHAT
STEPS, INCLUDING SPECIFIC OFFERS OF COMPENSATION, HAVE
BEEN TAKEN TOWARD SETTLEMENT OF THESE CLAIMS, AND WHAT
FURTHER STEPS, AND ACCORDING TO WHAT TIMETABLE, ARE

CONTEMPLATED. ILLUSTRATIVE STEPS WHICH MIGHT BE TAKEN

INCLUDE MAKING THE COMPANIES FAIR OFFERS OF COMPENSATION,
OR OTHERWISE ENGAGING WITH THEM IN SERIOUS DISCUSSIONS
OR NEGOTIATIONS RESULTING IN SIGNIFICANT PROGRESS TOWARD
COMPENSATION.

E. IF WE WERE UNABLE TO SUSTAIN SUCH A DETERMINATION,
CONGO COULD BE EXPECTED TO LOSE ITS ELIGIBILITY FOR GSP.
IN ADDITION, CONGO SHOULD BE AWARE OF SIMILAR LEGISLATION
CALLING FOR THE UNITED STATES TO OPPOSE LOANS UNDER CON-
SIDERATION IN INTERNATIONAL DEVELOPMENT BANKS TO
COUNTRIES WHICH EXPROPRIATE AMERICAN PROPERTY WITHOUT
DISCHARGING THEIR OBLIGATIONS TO UNITED STATES CITIZENS
UNDER INTERNATIONAL LAW. GPVEN THE SIMILARITIES BETWEEN
THESE PROVISIONS IN LANGUAGE AND INTENTION, AN ADVERSE
FINDING UNDER THE TRADE ACT WOULD MAKE IT DIFFICULT TO
AVOID TAKING THE REQUIRED ACTION UNDER THE OTHER PROVISION
AS WELL.

F. WE ARE HOPEFUL THAT SIGNIFICANT PROGRESS WILL BE MADE
SOON TOWARD RESOLVING THE OUTSTANDING CLAIMS OF TEXACO
AND MOBIL IN CONGO.

2. FOR POSTS' INFORMATION, TEXT OF SECTION 502(B)(4)
PREVIOUSLY PROVIDED REFTEL.

3. PLEASE ADVISE RESULTS. KISSINGER

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